

Joint Legislative Audit  
and Review Commission

*Salary Scale Adjustments  
Audit of General Assembly*

June 11, 2001

**APA**

**Auditor of  
Public Accounts**  
COMMONWEALTH OF VIRGINIA

# AUDITOR OF PUBLIC ACCOUNTS

- Salary Scale Adjustments
- General Assembly Audit

# PRESENT SALARY BAND COMPARSION

Previous State Scale		
Grade	Title	Range
16	Audit Manager	\$48,287 - \$75,387
18	Audit Director	\$57,706 - \$90,092

Current APA Band	
Title	Range
Project Leader	\$49,973 - \$94,990

# PROPOSED SALARY BAND COMPARSION

Current State Band		
Band	Title	Range
6	Financial and Auditing Services Manager II	\$45,607 - \$93,599
7	Financial and Auditing Services Manager III	\$59,581 - \$122,281

Proposed APA Band	
Title	Range
Project Leader	\$54,500 - \$111,700

# SHIFT OF AUDITOR AND PROJECT LEADER POSITIONS

- To place three individuals in-charge of our system development, system security and data analysis groups.
- To cross train some one to replace one of our retiring project leader.

# SALARY SCALES

<u>Position</u>	<u>Number of Positions</u>		<u>Present Scale</u>	<u>Proposed Scale</u>
	<u>2001</u>	<u>2002</u>		
Deputy Auditor	1	1	\$71,190 - \$113,575	\$71,190 - \$113,575
Project Leader	12	16	49,973 - 94,990	54,500 - 111,700
Auditor	45	45	37,325 - 71,450	37,325 - 71,450
Staff <sup>(1)</sup>	<u>86</u>	<u>82</u>	22,457 - 47,250	22,457 - 47,250
<b>Total</b>	<b><u>144</u></b>	<b><u>144</u></b>		

<sup>(1)</sup> Staff positions for FY2002 include 71 audit staff and 11 audit support staff.

# Change in Generally Accepting Accounting Principles

- There is a New Reporting Model – GASB Statement No. 34
- Current GAAP requires:
  - Fund statements using modified accrual basis of accounting
  - Budgetary statement using cash basis of accounting
  - For all legislative agencies, a total of 65 financial statements

# Change in Generally Accepting Accounting Principles

- New Reporting Model – GASB 34 requires:
  - 3 sets of financial statements, each prepared with a different basis of accounting<sup>1</sup>
    - Entity-wide – accrual basis
    - Fund statements – modified accrual basis
    - Budgetary statements – cash basis
  - Management's Discussion and Analysis (M,D, &A)



# New Reporting Model

- Problems/Issues
  - Preparing meaningful M,D,&A for each agency
  - Preparing 3 sets of financial statements using a different basis of accounting for each set
  - Cannot continue to issue fund financial statements only
  - This option would result in over 100 financial statements in total

# Proposed Audit of Legislative Agencies

- Continue to issue Budget to Actual Financial Statements for each legislative agency
- Continue to have audit performed in accordance with Generally Accepted Auditing Standards (GAAS) and Government Auditing Standards
- Continue to have Independent Auditor report on:
  - Financial Statements
  - Compliance and Internal Control

# Changes to Legislative Audit

- Have audits performed annually, instead of biennially
- Change to Other Comprehensive Basis of Accounting, instead of generally accepted accounting principles

## Results of this Change

- Legislative agencies would prepare financial statements on the cash or budgetary basis of accounting. This is the basis on which they report and monitor transactions throughout the year.
- Agencies would not have to prepare additional statements on the modified or accrual basis of accounting.
- NO CHANGE in audit coverage, or scope of audit
- Audit Contract would require audit work on receivables, liabilities, and fixed assets

# Summary

- Change in Reporting – Issue “Budget to Actual Financial Statements” for each legislative agency
- Follow GAAS and Government Auditing Standards – current practice
- No change in Scope of Audit work
- Perform audit annually